



## Research Network Group Collaborates on Research Projects Across Borders

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# European FM insight

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# Research Network Group Collaborates on Research Projects across Borders



## By Per Anker Jensen, Chairman of the Research Network Group

The Research Network Group (RNG) is EuroFM's network of researchers from universities and other research and educational institutions among the members from around Europe. The core of the activities in RNG is a number of joint research projects and organizing the research symposium as part of the annual EuroFM conference. RNG gives exceptional benefits for researchers in relation to collaboration and comparison across borders and even many national based research projects needs an international perspective. This article presents the current research projects, the plans for the research symposium in 2008 and 2009, and other activities of RNG.

### Usability of Workplaces

This project evaluates workplaces from a user perspective and develops the concept of usability in relation to buildings and workplaces. The project is undertaken in collaboration with the international building research association CIB Working Commission 111. The research is based on case studies from each of the participating countries, which are presented and discussed at workshops in each country with participation of user representatives, the national research team and the international research group. The participants are from UK, France, Norway, Sweden, Finland, Denmark, Australia and HongKong. The project coordinator is professor Keith Alexander, Salford University. A first report with case studies from 5 countries was published in 2005 and the current phase will be finished this summer with a new publication and a one day workshop during EFMC2008 in Manchester. The project is expected to be continued with a third phase.

### FM in Healthcare

FM in the healthcare sector has been on EuroFM's research agenda for many years and it has been a theme on most research symposiums. Even though the healthcare systems seem to vary very much in Europe, in terms of

project during EFMC2008 in Manchester.

### Workplace Management

This is a new project, which is related to a major Finnish research project on workplace management in relation to knowledge work. Workplace management varies from operational space management to strategic visions in user organisations - the common intention is, however, to understand workplace as a physical, virtual and social resource for future knowledge work and its productivity. The plan for the joint EuroFM project is to produce an application in 2008 for possible funding from the EU as part of a program concerning Living Labs. Living Labs are open innovation platforms which provide research, development, innovation and market validation services in real-life environments. As part of the EuroFM project a process of collecting information on related activities among RNG members in other European countries and expressions of interest in participation in the joint project is ongoing. The project coordinator is Suvi Nenonen, Helsinki University of Technology. There will also for this project be a workshop during EFMC2008 in Manchester.

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### "Saúdos Brasil"

It is a real pleasure to welcome our first Latin American Publication Partner from Brazil. INFRA, a Talen Editora publication, understands Facilities Management as an inseparable part of corporate core business. It is a monthly publication that has been in the market for eight years and, since its inception, has been distributed across Brazil to more than five thousand facilities and building infrastructure managers. We look forward to a long-lasting relationship with Infra and its Brazilian readers.

### "Welcome Bulgaria"

Welcome to our first Bulgarian publication partner, "Facilities". Facilities is the first and only FM magazine in Bulgaria. Founded last year, it is distributed monthly to over 2,000 FM decision makers. Facilities is published by Uconomics, one of the most influential b2b media companies in Bulgaria.

# The Most Important Client is the Employee

By Fabio Ancarani (Professor of Management and Marketing at the "Alma Mater Studiorum University" in Bologna)

**Experience teaches the importance and the advantages of creating long-lasting professional relationships through the art of satisfying human resources' needs. The company should attract and retain internal clients as well as customers, because they increase the produced value as a consequence of good life conditions, strong loyalty and reduced turnover. The system of internal relationships of the company should be viewed and analyzed as a real market.**

The economic and competitive benefits of building up long-lasting relationships with customers have been documented in international scientific research over the decades. They can be summed up in:

- Amortization of customer acquisition costs over time
- Cross-selling: increasing the variety of goods and services acquired
- Upselling: increasing the amount of goods purchased
- Trading up and Premium price
- Referrals, i.e. positive word-of-mouth.

Setting up positive relationships with customers mainly depends on the ability of the company to create value. The ensuing value for the customer and satisfaction are the core company marketing strategies.

Generally speaking, it can be said that for any product (goods, services or a combination of both), the value components for the customer are represented by expected benefits, acquisition costs and enjoyment those benefits (Busacca, Costabile and Ancarani, 2004).

In addition to this, it should also be mentioned that the perceived value of a given offer, and the benefits of that offer, should always be considered inclusive of the subjective assessment the customer makes on the ability of the company - or trademark - to generate a given level of performance, and so provide those benefits with a certain degree of dynamism. Similarly, the costs are always referred to the character of a specific offer according to the customer's perception. Essentially, the value perceived by a customer

should never be considered absolute, but in relation to the performance of competitors. Lastly, it should be mentioned that perception of value is obviously not static, but dynamic, therefore changing over time as a result of external variables (technological innovation, socio-cultural and economic changes, etc.) and variables within the consumer's reach.

Value analysis should not only focus on the external customer, but also on the internal customer. The growing importance of intangible resources in the economy of knowledge shows the increasing importance of human resources in business. On the other hand, the inside of a company is becoming ever more similar to an actual "market".

Indeed, it can be observed that:

- the most important characteristic of a market can be found inside the company: the existence of exchange processes, i.e. of a customer (not only external, but also internal);
- the human resources inside the company cover a central role in obtaining benefits in the external market, considering their importance in raising customer satisfaction by exploiting the relationship components of exchange and, in this way, contribute to building customer trust and fidelity on the outside, which is fundamental for the company.

These considerations lead us to underline the need to turn your attention to exchange processes inside the company, and to highlight the growing

strategic importance of marketing and internal satisfaction (and consequentially its measurement).

The goal of internal marketing is to determine methods, logics and marketing tools able to improve exchange processes in this market (i.e. the company) in order to achieve internal customer satisfaction.

In internal marketing, employees are seen as customers that the company needs to satisfy; the goal is to determine methods, logics and innovative tools able to improve customer satisfaction.

Thus, the goal of internal company marketing towards employees is first of all to improve their mutual relationship, resulting in lower turnover, and to achieve trust and fidelity towards the company from strategic human resources (i.e. those in possession of strategic skills for the company). This enables the company, for instance, to hold on to the best human resources even in the event of sale and acquisition, or more in general, during periods of company crisis. It also enables the company to attract more valuable human resources.

In addition, a second goal - certainly linked to the first - consists of improving product/service quality, both internally and externally, thanks to more involvement of people, and better alignment between the goals of the latter and the goals of the company. This means, for instance, involving personnel more and so making them more courteous with customers or making frontline personnel more motivated to proactively contribute to achieving the highest quality possible during moments of truth.

## Research Network Group Collaborates on Research Projects across Borders

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### FM Processes

This project is related to the ongoing work on European FM standardization in CEN/TC348, where one of the current workgroups concerns FM processes. The chairman of this workgroup is professor Keith Alexander and he is also coordinator of the EuroFM project. This project aims to establish an overview over existing research on FM Processes to support the standardization work and to promote the research to the public. EuroFM has given financial support to the project and a monograph with a number of articles and an overview of the research in the field will be ready before EFMC2008 in Manchester and presented at a workshop.

### FM Futures

The project on FM Futures was started after a RNG research summit 3 years ago. The project intends to identify and address the issues that will impact on the development of FM in the next 10 years through a collaborative, 'prospective process'. It has involved a

workshop in Helsinki in 2006 and a workshop in Manchester in 2007. The project coordinator is professor John Rathcliff, Dublin Institute of Technology. IFMA has just recently announced that they will contribute financially to the project and publication of a report.

### Research Symposium 2008

The research symposium is a combination of a number of workshops and sessions for presentation and discussing research papers submitted for an open call. The workshops are related to current RNG research projects as mentioned above. The workshops aim at discussing recent work in the research project and there will be research papers with new results from the projects. There is also a postgraduate workshop aimed at PhD-students etc. and this year there will be a postgraduate poster session as well. The paper sessions will be organized in themes and most of the time is dedicated to spoken presentations but there is also time for

questions and short discussion. The themes for the paper sessions this year includes sustainability, value added of FM and socio-economic development.

All papers for workshop and paper sessions have been through a double blind reviewing process with a review of abstracts first and later a review of the full papers. This process ensures a fair and unbiased evaluation and selection process of the papers, so that the scientific quality of the papers selected for presentation and publication is on a high level. In total 60 papers and posters have been submitted for this years symposium. Out of the accepted papers some will be selected for both presentation and publication, while others only will be published and not presented verbally due to time limitation.

### Research Symposium 2009

We have had a first discussion of the possible themes for the research symposium in 2009. Most of themes will probably be the same as 2008 but we expect the value chain of FM to be a new theme. This includes the added value of FM but also aspects like supply chain, procurement, logistics and networks.

### Other RNG activities

One of the main concerns of RNG is the possibilities to publish research and the publication of a scientific research journal is a great wish and we are looking out for opportunities for this. We also engage in other EuroFM activities and are represented on the editorial board of European FM Insight with the responsibility for information on research. We are also active in the annual FM awards and participate in judging the applicants for the research award together with the chairman of EuroFM's Practice Network Group.

### A new research agenda

At our latest RNG meeting in Kufstein January 2008 we had a strategy debate about how RNG should be developed in the future to provide benefits for the members and make it attractive to participate actively (see also the EuroFM Report towards the end of this issue). We decided that one of our new activities should be to develop a research agenda for the next 5-7 years and involve the other network groups in EuroFM in the process. The results of the FM Futures project will be the basis for starting these discussions.





# Customer Satisfaction from Facts and by Intuition

By Vesa Tompuri

*Successful management of facilities along with premises that meet the needs of tenants would have to rely on sheer guesswork if it were not for customer satisfaction surveys. In the case of offices, a small group of professional customers should serve as a reliable sample. It is another matter, however, if we are talking about people doing their shopping.*

In the short term, the income from rental property may be easy to forecast and budget for. But when things go awry and if the property owner fails to notice that fact straight away, tenants will size up the situation and vote with their feet.

A knowledgeable property owner will ensure that either he or a management company authorized by him/her is in close contact with the tenants. One effective way of doing this is to conduct customer satisfaction surveys. These help predict problems and, of course, give peace of mind about the things that have been done well.

"The property, its features and location are usually the most important factors influencing customer satisfaction. Another consideration is how well the services in the tenancy agreement have been delivered. Finally, and more difficult to judge, is the role of the landlord and availability of customer care. So says Hanna Kaleva, CEO of KTI Kiinteistötieto Oy, a company which conducts customer satisfaction surveys on business premises.

Kaleva sees the use of surveys and their results as being ultimately linked to earnings from property rentals. But she also says that the biggest decisions regarding a property, such as investment in basic maintenance, should rely on a process other than the customer satisfaction survey.

"If the landlord only gets to hear about the need for basic repairs as a result of a survey, it means there has been too little attention paid to the property and the client," says Kaleva.

## Service providers in the spotlight

KTI has been producing customer satisfaction surveys for over 20 property owners since 2001. The sample is big enough for the property owning company to reflect not only on its own development over the years, but also on the current situation in relation to other players in the field. The results are confidential, but average values are made known to all who conduct the survey.

"The landlords will also be able to compare their own properties among each other. When you own many similar property types yourself, it's easy to see which services and their providers have been satisfactory," Kantela explains. "What people want

out of a building tends to vary according to the latest trend," says Kaleva.

Tenants are generally more demanding than they used to be. They insist on better buildings, better indoor conditions, more efficient use of space and high quality services. It is thus even more important for landlords to be able to monitor their own success and that of property service providers in a variety of ways, according to Kaleva.

Property owners account for some of those involved in conducting the surveys, but others are management companies working on their behalf. For instance, Sponda Oy prepares a report based on satisfaction surveys from KTI for its management partner Ovenia, who in turn puts together a yearly action program based on this report.

"Satisfaction surveys reveal many things which we would never discover ourselves. It is important that surveys are conducted by a neutral body. They are especially valuable if we can break down the results carefully with regard to property and service," explains Sponda's Development Manager Merja Julin.

According to Julin, it is the property maintenance services which seem to be in greatest need for development.

"On the other hand, you shouldn't just wait around for the results of surveys before you start making improvements. Satisfaction surveys should not be, and indeed are not, the only channel open to us," Julin stresses.

Ovenia's Customer Relations Manager, Juhani Voutilainen, likes the unofficial star rating system used in the satisfaction surveys.

"If on a scale of 1 to 6 some things get just one or two stars from several respondents it is obvious improvements are needed in that service or function. Even one bad rating means that we will check it out right away," says Voutilainen.

According to Voutilainen, the system also works the other way round. Even if we don't immediately notice where the problem lies, the area which has received a bad score will be monitored more closely.

"In extreme cases, it may result in termination of the service provider's contract. Such drastic measures are

very rare, though, because the partnership networks have been selected only gradually over time," he adds.

## Different approaches in Shopping Centers

When customer satisfaction has to be measured among shopping centre customers, a sample of twenty or so interviewees is no longer adequate; there are thousands of visitors every day to any large shopping centre - and at least just as many people who, for different reasons, do not go to that centre.

"For us, it is just as big a challenge to find out why certain customers do not visit a shopping centre. There can be many reasons: it may not have the shop the customer is looking for or the shopping centre is felt to be unclean or unsafe," says area manager Jukka Vakula from Citycon.

Citycon owns over 20 shopping centers in Finland, its latest acquisition being Iso Omena. Citycon also constructs, improves and runs its own shopping centers.

"We have our own professionals in each shopping centre. Their job is to get a feeling about the standard of the services and what customers think of the shopping centre. In this sense, they share the same interests as our own customers, the shopkeepers who work there," says Vakula.

He says that customer satisfaction is assessed in two ways. The interviewers who stop customers for a chat in shopping malls ask the same questions as their colleagues working over the telephone. The results are different, however, because only some of the randomly chosen interviewees on the telephone are customers - some would not visit shopping centers under any circumstances.

"The results obtained using these two methods are analyzed together with the shopkeepers in monthly discussion forums. In a way, they represent a more official side to communications. The more unofficial alternative, and one which is just as necessary, is the daily chat in the space outside the shop," says Vakula.

Jukka Vakula admits that mere facts are not always enough to draw the right conclusions, because we're talking about consumer markets ruled by images.

"Sometimes you have to use your intuition - without underestimating the facts."



Shopping centre customer satisfaction is measured by on-the-spot surveys. The opinions of those who avoid shopping centers are obtained over the phone. Myyrmanni is one of more than 20 shopping centers owned by Citycon. Photo Citycon.



# Facilities Management in Golf Training Centers



**Fabio Alessandro Socci seeks to demonstrate the strategic role of FM for Golf Courses**

For the purposes of this work, golf-related real-estate businesses include both those whose core business is the sport (clubs, golf training centers, specific golf courses for lease) and businesses for which golf provides added value (high-class hotels and residential developments).

Due to the large amounts of financial resources involved in golf-related real-estate businesses, empirical management of these projects, i.e. giving priority to the personal feelings and experience of the entrepreneurs, is ill-advised. Ideally, managers should be employed who have specialized technical knowledge of Facilities Management. The purpose of this Dissertation is to present the added value that a professional with Facilities Management expertise can offer to businesses in this sector, whether through an increase in the profitability of the business, or through a decrease in maintenance and conservation costs.

## The Complexity of Golf as a Business

As with other sectors, the level of sophistication of the technology used in golf-related businesses has increased considerably in recent years, requiring, in turn, a high level of technical and management expertise, in order to derive maximum benefit from the new systems.

Today, in Brazil, the idea of delegating the Facilities Management of real-estate businesses to professionals with specific training is becoming more widespread. Golf courses present special characteristics which require a certain level of intellectual training that goes beyond the figure of the traditional greenkeeper who, in principle, might have difficulty, for example, in technically specifying a computer-controlled irrigation system which uses electronic air-humidity sensors.

These businesses also have services such as catering, a team of instructors, etc., which need to be managed in the best way possible, so that the client feels comfortable to the point of returning.

The financial resources involved in these ventures, and the sophistication of the technology used, are increasing. Therefore, the training and development of specialized, professional workers with specific qualifications, at management level, should keep pace with this trend, providing conditions that ensure the sustainability of these businesses.

## The advantages of playing Golf

Golf is a sport which promotes "democratic" integration: it can be played by people of all ages. It allows the integration of people of different ages and sexes, since it is not an activity that requires high levels of physical

performance, where the players move around the course at a walking pace, not running; there is no direct physical contact between the players; and there is no time limit or time comparison between the players. Other characteristics of the sport are the low likelihood of physical injury, and the "rules of etiquette" which instill discipline, and which are naturally followed by the majority of players.

When two executives are at the negotiating stage, in a corporate setting, each party normally only sees the competitive side of the other. But over a game of golf, it is natural that they will exchange information and tips on the best means of approach, etc... This type of social exchange ends up revealing the positive side of each professional, promoting a feeling of mutual trust which favors a positive outcome to negotiations.

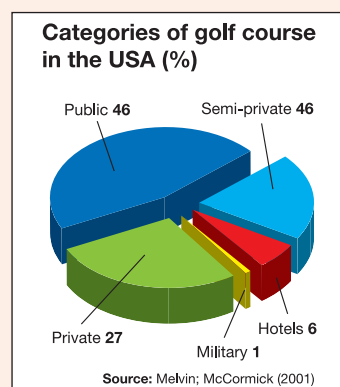
## Golf Worldwide

The USA is, without doubt, world leader in this sport. An interesting fact about the US market is that, among the 16 000 golf courses and training centers listed in 2006, several different categories of golf courses can be identified (see graph 1).

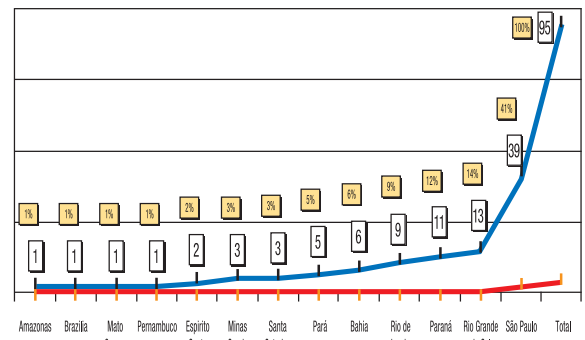
## The Situation of Golf in Brazil

Despite a history which goes back a hundred years, the practice of golf has only begun to increase in Brazil in recent years. This is largely due to [i] greater access to golf courses and training grounds, [ii] a decrease in green fees and cost of equipment hire, [iii] actions to promote the sport among young people, and [iv] training courses for the professional development of workers. (see graph 2)

## Facilities Management applied to



**Number of Golf Courses in Brazil in 2007**



## Golf Training Centers

This Dissertation focuses on Facilities Management from four perspectives:

- Sport: impact on the practice of the sport, for example maintenance of the green or range, equipment used by the players, or the technical qualification and availability of instructors.
- Services: impact on the services offered, such as catering, stores, parking, security, etc.
- Buildings: impact on the buildings of the enterprise, for example, building maintenance (predictive, preventative and corrective), additional costs related to Real Estate (real-estate leasing, feasibility studies, etc.), as well as renovations, extensions, etc.
- Environmental: impact on the preservation of the local ecosystem: conservation or mitigation of damage to the native flora and fauna of the region around the enterprise.

## Actual Cases

Located in the town of Mogi das Cruzes, 50 kilometers from the state capital, São Paulo, the Hotel Blue Tree Park - Mogi das Cruzes has a private golf course which was not originally open to the public, and which began its commercial activities after the hotel of the Blue Tree chain was built. Although not specifically trained in this area, its manager does a good job, having assisted another professional in the construction of the course during approximately four years.

Support for golfers is provided by two professionals. Besides the main fairway, players can also make use of the putting green, driving range, bunker, and other facilities such as: [i] hire of shoes and clubs; [ii] hire of golf buggies; [iii] restaurant and snack bar (both part of the hotel); [iv] male and female dressing rooms with hot showers and lockers with padlock; [v] pro-shop (managed by third parties outside the physical structure of the hotel); and [vi] free parking (with separate areas for those visiting the establishment exclusively to play golf, and guests of the hotel).

The golf course facilities are maintained by a special team consisting of six employees, which is independent of the organizational structure of the

hotel. This team carries out all the maintenance activities related to the course, except for the maintenance of the golf buggies, which is done by a specialized company. The balls are collected manually, using a collector. This work is made more difficult in the area immediately surrounding the driving range, due to the fact that there are no nets to catch the balls.

The grass is cut mechanically using special equipment. The grass cuttings are taken away from all the areas, except for the fairways, where they act as fertilizer. The drainage system is on the surface only, an option which is made feasible due to the proximity of a reservoir bordering one side of the course. Similarly, the water needed for (manual) irrigation is also taken from the reservoir, thereby completing a virtuous cycle of rational water use.

Another example cited and discussed in the Dissertation relates to the FPG Golf Center, the first public-private golf course in Brazil, which received approximately R\$ 2 million in investment (Dec 2000 figures) and whose planning and project phases took almost one and a half years to be completed.

In this particular case, to prevent the balls from going beyond the physical boundaries of the course, and hitting neighboring buildings or passers-by, the entire area (except for the main buildings), is surrounded by nets to catch the balls. This also facilitates the process of gathering up the balls, as well as ensuring the safety of the players themselves, as they circulate between the different areas and separate activities of the FPG Golf Center. The grass is cut using mechanical mowers with variable height adjustments, and the cuttings are removed to prevent them from smothering or blocking out the sunlight from the remaining grass.

The amount of water used to irrigate the grass received special attention, as too little water can make the grass dry and unattractive, while too much can prevent the balls from rolling properly over its surface, impeding the game. To avoid either extreme, the grass is normally irrigated automatically using mechanical sprinklers, operated by a central electrical command on a timer system, which can also be controlled manually. The entire enterprise has a

*continues on page 5*





# Knowledge Spaces: Sustainable Development Applied to Workspaces

By Francisco García Ahumada

**After more than 4.6 billion years, the world is starting to show signs of tiredness. According to several studies, 5% of the world's population uses 25% of its resources and 20% consume 80% of food, energy resources and raw materials. To this we need to add that, if climate change and population growth do not stabilise, it will be impossible to save the ecological health of the planet. In fact, today, 51% of ecosystems are deteriorating.**



Faced with this backdrop, we are inclined to think that human talent has given enough illustrations over the years of its capacity to innovate in order to tackle any sustainability challenge without sacrificing growth. So, the solution consists, initially, of gaining an overall recognition of "this reality" and later that our behaviour as individuals and institutions has sustainability as a relevant point of reference.

The discourse on sustainability as it is applied to buildings and working spaces is relevant insofar as those spaces and the activities carried out in them can, in many cases, change from being bastions of non-sustainability to true examples of efficiency in design, construction and later use, incorporating profitable investment with the efficient use of natural resources and creating spaces that can lead to productivity increases.

The thing is: investing in "green buildings" is profitable. According to a study by Grez Kats of Capital E, "The cost of financial benefits of green buildings", published in October 2003, a minimal increase in the initial investment (between 0% and 2%), which is enough to implement green building concepts, produces verified savings of up to 20% of the total cost of construction during the life cycle of the building. This implies a return of up to 20 times the total additional investment.

However, as noted by Porter, "The discourse on cost reduction does not apply if it is not accompanied by increases in productivity". One of these examples is the Reno Post Office (US). There, an investment in a new interior feedback-based lighting system was proposed at a cost of 300,000 dollars. The proposed initial return on investment was forecast to be 13 years

with an energy saving of 22,400 dollars a year. In fact, in addition to the energy saving, a productivity increase of around 6% was achieved as a result of a reduction in worker eye tiredness, with half an hour productive work gained per day.

## Managing the knowledge space

With all this, it seems that it is necessary to apply Human Resources policies that incorporate suitable working conditions. In various national and international surveys, the pay package along with physical and psychological comfort at work, are shown to be the most highly rated criteria by employees when selecting and remaining in a specific role and company. It is a question of designing offices that meet sustainability criteria, with significant improvements in indoor air quality along with suitable lighting and the right individual environment and temperature controls. William Pape, co-founder of Verifone (US communications operator) stated that "a healthy workplace has had greater significance for our company in terms of productivity than all the broadband in the world". And he had his reasons for saying this: 18 months after moving in to new buildings designed under green building rules - including air and lighting quality improvements - work absenteeism reduced 40% compared with previous figures. And this was in addition to a more than 5% improvement in productivity.

Caring for the environment can often also bring social benefits to companies. Some companies understand that, in order to contribute to sustainable development, they need to invest in the regeneration of natural resources, i.e. the

sources of the raw materials they use. Social action is a "reversion value" model by companies for the societies with which they interact. These activities are aimed at facilitating sustainable development of society as a whole.

## Design criteria

If future generations' potential for development involves a capacity for innovating and maximising human talent in the search for options that do not eliminate current growth, then places of work must become tools that are well designed for that purpose. Today, the most significant competitive advantage of a company is knowledge - its creation, dissemination and reflexive use. It is human resources and their capacity for developing knowledge that ensure business success.

In short, both the success of business today and in the future, as well as sustainable development over time without sacrificing growth, inevitably rely on the talent of teams, their capacity

to innovate and their ability to use this knowledge. They must, therefore, be pillars on which the concept of sustainable work spaces is based - or, put another way, knowledge spaces.

If we wish to create a sustainable model for institutions and business, we must consider working spaces as an opportunity and a necessity. Applying the concept of sustainability to working spaces is not a choice; it is a necessity for the good of the company and for the society in which it operates. Talent calls the shots and, sooner or later, it will demand knowledge spaces that create a productive and profitable environment to everybody.

So, when companies consider constructing or designing spaces, they should bear in mind that, in doing so, they can create and exchange knowledge, promote innovation and creativity, increase productivity by adding comfort and reducing risks, avoid social costs, eliminate the need for change, build and equip "recyclable" spaces, integrate people and cultures and enjoy work. Similarly, it is viable to create spaces that promote learning, install available technological advances as catalysts for the development of sustainable spaces, propose spaces that facilitate interactive collaboration and manage the space such that it does not damage the environment.

## Facilities Management in Golf Training Centers

*continued from page 4*

flow drainage system, whereby surface water flows through drains installed under the green.

One resource used to ensure the grass always looks attractive is to aerate the soil, i.e. to make holes that help the nutrients carried by the water to reach the roots. This process is done by mechanical aerators equipped with devices in the form of screws or pins. These are driven into the soil, then removed, leaving small, shallow holes which are barely noticeable to users. To maintain the course in ideal conditions for play, the grass is routinely renewed in portions of the green, on a rotating basis, the renewed portions being kept off-limits until the grass is fully mature.

## Identifying priorities

To identify the aspects which most influence users in their choice of a GTC (Golf Training Center), a survey was carried out involving qualitative interviews with GTC managers and users.

This survey showed, among other things, that users place a high value on the visual appearance of the golf ball. This is because the player's performance is related, naturally, to the conditions of his or her equipment. As the clubs used normally belong to the player (some golf courses also loan or hire clubs), who has spent several thousand reals on purchasing them, the player is naturally concerned that the balls used for training, which belong to CTG, should have the same standards of performance.

In this case, as an example of the

validity of applying Facilities Management knowledge, an application of Stock Management techniques was used which addressed the issue of the stock of training balls needed, presenting a comparison between the empirical method (the one commonly adopted) and deterministic and probabilistic methods, including the option of having the balls recycled abroad, which also indirectly meets the sustainability aspects of the business. The study showed that it was possible to obtain savings of around 81% of the value originally invested in the purchase of training balls by adopting the recycling system, and a reduction in the safety stock of balls from 7,100 to 1,770 units, at no additional cost, merely by redesigning the processes.

## Conclusions

In golf-related real-estate businesses in Brazil, the figure of the Facilities Manager is still not widespread, and the professionals who currently carry out the FM activities come from a variety of educational backgrounds, acquiring the necessary training for their tasks in an empirical way. In other words, they could benefit from having specific academic training in this field.

It is hoped that, through this research, the reader will see the usefulness of employing Facilities Management techniques to generate savings in golf-related real-estate businesses - with no loss in quality - and to maintain the sustainability of the business.



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# New Facilities Management Research Centre in Denmark

By Per Anker Jensen, Technical University of Denmark

## Introduction

From this New Year a national "Centre for Facilities Management" (CFM) has been established in Denmark with the purpose to strengthen research within this relatively new subject. The new research centre is supported financially by the private foundation Realdania with more than €3 million over a five year period. The centre has a physical and administrative base at the Technical University of Denmark (DTU), but CFM is also a virtual centre with a number of other research institutions involved. There are strong connections between CFM and the Danish Facilities Management Association (DFM) as well as with EuroFM and NordicFM. The author of this article is director of the centre and also a board member of EuroFM and chairman of the Research Network Group.

## Background

Facilities Management (FM) has developed as a new field in practice for several years in Denmark. DFM was founded in 1991 and has been leading the development of the profession since then. DFM published a handbook in FM written in Danish by me at the associations 10 years anniversary in 2001 and this was the starting point for teaching FM at various levels in Denmark. DTU decided in 2003 by recommendation of the advisory board for the department of civil engineering to introduce FM as a new subject. I was appointed in spring 2005 to develop the subject in research and teaching. At the moment FM is taught on a course for students for building engineers and as part of a postgraduate master education in management of building. DTU is still the only university in Denmark to treat FM as a particular subject.

In the last few years some research projects on FM have been carried out at DTU, but the new research centre will create a strong impetus to increase the research activities. The basis to establish the centre started in

February 2006, when I together with DFM arranged an open meeting to explore the interest among practitioners, organisations, institutions, and research foundations to support and participate in research and development activities in FM. The interest was overwhelming, and it was decided to develop a joint research and development program, which took place during spring and summer 2006. The process included three focus groups who worked with the identification and specification of relevant ideas for research within each their area of FM. Concurrently, I collected information from research centre and universities in UK, Netherlands, Norway, Sweden and Finland on current research themes and projects and how research in FM was organized and funded in these countries.

Based on the results of the focus groups, the information from other countries and our experiences from research planning at DTU, I prepared an application for support to Realdania in November 2006. After a couple of meetings I was told, that the foundation was interested in supporting the establishment of a national research centre in FM, which was more than I had expected. It was agreed that I should start a pre-project to plan such a centre, which was carried out from March to September 2007 including two workshops with interested parties, and in October 2007 the foundation adopted the plan for the centre.

## The research profile

A central part of the plan for CFM is the definition of the research profile and themes. The profile is in short defined as:

*Research in*

*Space for humans*

*Buildings with use value, and*

*Property and infrastructure, that facilitates.*

This indicates that the main focus of

the centre is the interrelationships between physical environments and social activities and how professionally managed and serviced physical surroundings can support and improve the conditions and activities of humans and organizations.

This overall profile is sub-divided in three main research questions:

1. How can we design, fit-out, operate and develop our buildings, property and infrastructure, so that they at all times through-out their life cycle are adapted to the needs for usage in relation to the development stages of corporations and organisations and the life stages of people?
2. How can a Facilities Manager establish an organisation and support processes, which on one side is customer and service oriented and fulfils the immediate needs of the customers and the core activities with a high degree of reliability and on the other side is business and company oriented and accommodates the long term needs for development of the core functions and the customers non-recognized needs?
3. How can the players on both side of the FM market establish collaboration in a supply chain, which at the same time ensures an overall optimization and development as well as a satisfactory work and business conditions for all parties?

Following these questions the three research themes are:

- The three life cycles (organizations, buildings and humans)
- Management challenges
- Market development

The first of the three themes is seen as the most central theme for the research at the centre, while the other two are seen as supporting themes.

## Seven projects started

From the beginning the following seven projects have been started.

1. Workplace Management
2. Facilities for Creative Environments
3. Implementation of Operational Knowledge in Building Projects
4. Sustainable Facilities Management
5. ICT-based Innovation in Facility Management Supply Chain
6. The Market for Facilities Management in Denmark
7. Strategic Partnerships within Facilities Management

The first four projects relates to the theme of the three life cycles, while

the project on innovation is related to the theme of management challenges and the last two projects are related to the theme of market development.

## Organisation of CFM

The centre has a governance structure with a steering committee. The chairman is institute director from DTU and there are five other members - one from Realdania, one from a ministry and three from practice. The steering committee is supported by an advisory scientific committee. The members of the scientific committee are professor Jan Bröchner, Chalmers University of Technology, Sweden and professor Siri Hunnes Blakstad, NTNU, Norway - both internationally esteemed researchers and well known to many FM researchers.

The centre is placed at a new Department of Management Engineering at DTU. As director for the centre I am responsible for the day to day management and administration of CFM together with a deputy director. The collaboration with other institutions is based on signed agreements of collaboration and meetings in a management forum. However, the most important part of the organisation is the various projects and there is written agreements with a project manager responsible for each project. The collaboration and coordination between the projects are made in meetings, workshops and seminars in a research forum with participation of all researchers active in projects under CFM..

## Expected results

The establishment of CFM has the aim to create a lasting and highly qualified environment for FM research at DTU in particular and in Denmark in general. One of the measures is to start a number of PhD-studies at universities and in collaboration with companies. Participation in international collaboration and publishing research international is seen as necessary to ensure the quality of the research, to exchange knowledge and to stimulate inspiration. It is expected that the results will be used in developing the teaching in FM at DTU and other educational institutions. The research will in general be mostly practice oriented and close collaboration with companies and organizations is planned. Dissemination of research results to practice also has high priority and associations like DFM, NordicFM and EuroFM are seen as natural collaboration parties to spread information and get feed-back.



# FM in Europe From Pre-Emerging to Pioneer Markets

By Dr. Torsten Henzelmann, Sven A. Teichmann MBE

Even though the various FM markets within Europe differ in many respects, certain commonalities indicating a general market development model can be found. The structures of the European markets follow the same development pattern, albeit some later than others.

In general, Facilities Management in Europe is relatively transparent: A large number of studies and surveys have shed light on the sector's market pattern, competition structure, business models, and products. However, such studies have tended to focus on the specific situations and development processes of individual countries, and there is still a need for a more exhaustive examination of the transnational picture. Up to now, there is missing a comparison of the various Facilities Management markets throughout Europe to identify differences between countries and the varying levels of maturity of the individual markets. This article attempts to close this knowledge gap.

From production factor to strategic resource

The fundamental cost and asset dimension of real estate forces companies to examine the issue from all sides. One of the main aims of professional Real Estate Management is to identify and utilize real estate to tap its potential as a resource and contributor to success, thereby strengthening the competitive ability of the core business. Facilities Management constitutes the use of comprehensive real estate-related and business activities to support and improve the core business to the greatest extent possible; it acts in synergy with Real Estate Management. Increasingly, 'facilities' are understood to include the entire operational infrastructure rather than only actual buildings and technical equipment [1].

Transnational projects and studies can be used to provide a good overview of how this issue is handled in real life and of the actual nature of Real Estate Management and Facilities Management [2] [3] [4].

In almost all European countries, property is seen as a production factor and its strategic dimension is often undervalued. However, the UK seems to be leading the way with regard to the appreciation of strategic value. Nevertheless, in general the lack of recognition given to the importance of property is reflected both at

management level and throughout the entire company hierarchy.

After all, the most frequently used key data shows that the main focus of property-related Performance Management is on costs, and gives little information on its contribution to company value.

In addition, the importance of real estate as important facilities varies greatly in the sectors being examined. Increasing levels of outsourcing and the constant move towards contracting out packages and systems in sectors such as the automotive industry continues to fuel the professionalization of Real Estate and Facilities Management. In this field, Germany is leading the way.

As a result of the differing requirements and characteristics of the various sectors, Facilities Management expenditure is primarily driven by the field of technology. Similarly, the increasing amount of contracted-out work mainly relates to technical services. Technical and infrastructural services are now predominantly provided by external service companies.

Although there are significant similarities between countries, both the nature and the development of the European Facilities Management market are primarily characterized by heterogeneity. Nevertheless, we must still consider whether a pattern can be discerned among the differences evident in the various FM markets, thus indicating a common market development model.

## Business models in Europe

Market development is any change relating to the progress of a specific market segment or marketable product. This means that there are three central aspects to take into account when analyzing the development of a specific market: How has the market developed up to now? What is the current situation? How will the market develop in the future?

The content components of FM services provided and purchased in the European market can be separated into

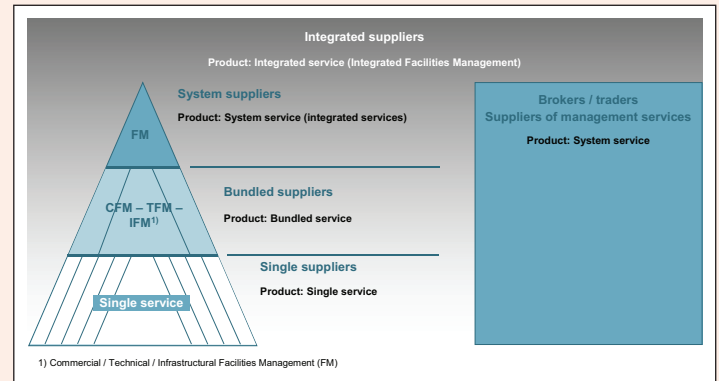


Figure 1: Supplier and product typology in facilities management (step model)

Source: Roland Berger / IRE/BS

four hierarchical levels and assigned to specific supplier types on the basis of their scope and complexity [5].

The first, fundamental level comprises suppliers of single services who specialize in specific trades within technical, infrastructural, or commercial Facilities Management. The next level encompasses suppliers of bundled services who operate in one or two FM service areas (commercial, technical, or infrastructural services). The third level includes suppliers of system services who cover all three service areas ('integrated services'). In addition, there are brokers / traders who normally provide FM-related system services. Brokers and traders primarily provide services by managing and coordinating services provided by third parties, and do not generate high amounts of added value

## Market development and market types

If we now compare individual European countries with regard to how long each of the four supplier / product types has been active there, similarities do emerge in the development of the markets over a period of 25 years.

The various development levels of the different markets give rise to four market types and allow the countries of Europe to be categorized in accordance with their level of maturity:

- **Pre-emerging markets:** These markets are still just beginning to develop recognizable Facilities Management. Countries in this category have seen the emergence of single service provisions since the end of the 1990s.

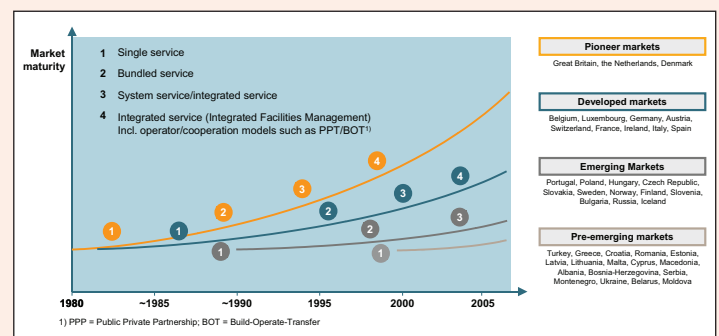


Figure 2: Basic market development and overview of market types (diagram)

Source: Roland Berger / IRE/BS-Study on Integrated Facilities Management in Europe

themselves. The fourth and last level contains suppliers of Integrated Facilities Management. Like third-level suppliers, these suppliers cover all service areas; however, they supply a higher potential for integration and synergy thanks to their impressive service portfolios. The higher a service in the step model, the better suppliers are able to meet FM integration requirements such as organizational and performance criteria. In the light of this, system suppliers and brokers/traders offer a particularly strong potential for integration.

Emerging markets: These markets have existed since the late 1980s. The highest product level attained thus far consists of system services.

- **Developed markets:** These markets have a high level of market maturity as a result of almost 20 years of Facilities Management activity. Integrated services are available but have only emerged during recent years.
- **Pioneer markets:** These markets are the most developed of all and can be seen as leaders in the field

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## FM in Europe From Pre-Emerging to Pioneer Markets

continued from page 8

of Facilities Management. FM has been available in a clearly recognizable form for over 20 years and integrated services - including operator / cooperation models such as Public Private Partnership (PPP) and Build Operate Transfer (BOT) models - have been offered since the end of the 1990s.

In pre-emerging markets, single services predominate and the level of professionalization of supply and demand is extremely low. These markets are characterized by a focus on trade specialization and FM is usually coordinated by the owners or their representatives. They feature a large number of short-term, single trade contracts that reflect a more traditional type of service provision. There is a high proportion of captive service provision.

In emerging markets, the offering includes single services and an increasing number of bundled services. These markets also feature a low level of professionalization among suppliers and consumers. There is a dominant focus on trade specialization and again coordination is primarily by the owners or their representatives. The level of captive service provision remains high, but the first signs of outsourcing can be seen. The main growth drivers are area-specific growth and crowding out.

Developed markets are dominated by system services and - increasingly - by more complex and innovative products. Growing service portfolios and the development of integrated FM can be seen. Supply and demand professionalization has increased, and the first PPP, BOT, and contracting models have begun to emerge. Concepts such as Open Book Policy, GMP (Guaranteed Maximum Price), SLAs (Service Level Agreements), and KPIs (Key Performance Indicators) are increasingly common in such markets. The main growth drivers are the increasing willingness to outsource and the initial stages of a reduction in the capital and assets used.

Finally, pioneer markets are characterized by a high level of system services and integrated FM, complex service portfolios, and the creation of value in property life cycles. These markets are highly professionalized, and PPT, BOT, and contracting models and SLAs and KPIs are commonplace. Active performance management is also a feature of these markets. The main growth drivers are the defined trend for outsourcing and the reduction in the capital and assets used.

### The Five Forces Model

'Competitive forces' constitute additional qualitative analysis parameters for market types. These

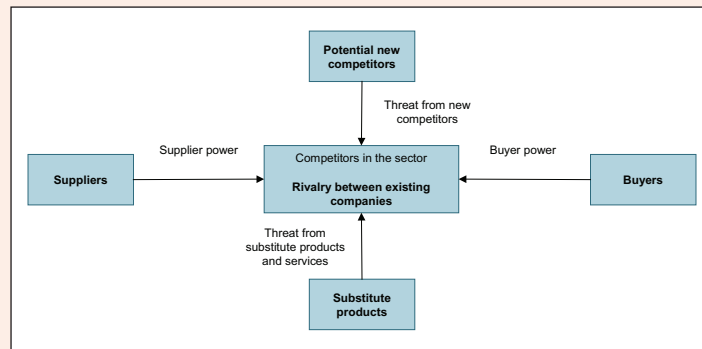


Figure 3: Porter's Five Forces Model

Source: Porter, *Competitive Strategy*, 1999, p. 34

forces are based on the industry structure analysis model formulated by Michael E. Porter, a professor at Harvard Business School and a leading economist specializing in strategic management. [6]

The Five Forces Model derives structural determinants of competition intensity in markets and enables the systematic analysis of competition-relevant factors. There are five basic competition forces that define the structure and competitive character of a sector and determine its underlying profit potential:

1. Rivalry between existing companies
2. Threats arising from new competition
3. Threats arising from substitute products and services
4. Supplier power (FM provider)
5. Buyer power (FM purchaser)

In the context of the model-based examination of the development of European FM markets, competitive forces 2 and 3, which relate to threats arising from new competition and old competition with more developed business systems, can be grouped together.

In the pre-emerging markets, rivalry between existing companies - including foreign and small local suppliers - is very low, since a market as such has yet to develop. However, threats arising from new competition or old competition with more developed business systems is high; outsourcing is not yet common place. Overall, there is a medium level of supplier and buyer power.

Emerging markets are characterized by less rivalry between existing suppliers. These markets are dominated by foreign suppliers who grow along with their client base ('follow the customer') and some - often small - local suppliers. Threats arising from new competition or old competition with more developed business systems are average; the first signs of outsourcing can be seen. Supplier and buyer power is also average overall.

In contrast, rivalry between existing suppliers in developed markets is high. The supplier structure is in the consolidation phase and small suppliers are merging or being acquired by other companies. Meanwhile, the captive

proportion of the market is increasing. Threats arising from new competition or old competition with more developed business systems are few and there is a high level of outsourcing. While supplier power is low, buyer power is high since the awarding of contracts dominates over prices. The first value added partnerships have begun to emerge.

In pioneer markets, rivalry between existing competitors has again dropped to an average level. There is a consolidated supplier structure with large, integrated suppliers. The overall threat arising from new competitors or old competitors with more developed business systems is very low, and outsourcing is the norm. Supplier and buyer power is average and value added partnerships are commonplace.

Four consecutive phases

The comparison of countries shows that FM markets and submarkets develop in four separate phases that correspond to the market types. In a nutshell, despite country-specific features, market development follows the same pattern although some countries develop later than others. As market maturity increases, each country moves from one phase to the next - the important question is not 'how?' but 'when?'.

This means that we can assume a specific market structure within European Facilities Management. This has an influence on the attractiveness of the general FM market and - in consequence - of the individual national

markets in particular. The demonstrated interdependence influences the market structure and the strategic behavior of companies; in turn, these aspects determine market success.

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# Traversing the FM Frontier

## First Installment: Creating the Japanese FM model

By Mototsugu Nakatsu

### Entrusting FM Wisdom and Dreams to the Next Generation

Last year, as my 70th birthday approached, I decided to start up a study group called the "FM Frontier Cram School" for members around age 40. This "cram school" has only 12 select members, and the purpose is to share the knowledge of FM that I have acquired thus far with the people who will bear the responsibility for FM's development in the next generation. I realized that simply telling stories from the past would be of little benefit, so I eliminated them as much as possible. We have continued our regular monthly meetings for seven months and have just completed the first round of topics.



This article, to be featured over three editions of this (JFMA "Current") magazine, will cover a portion of what was discussed at those seven meetings. In particular, it is my intention to focus on the knowledge and wisdom that I believe promising young Facility Managers need to have. Having said that, it is necessary to speak a little of my experience in order to understand things that have been gleaned from that experience. I may be a little verbose at times, but I hope that you will indulge me.

#### My Career

I was born in Hokkaido (Japan's northernmost island) in 1936 as the first son of my father, Naotsugu Nakatsu, who was a doctor. From the ages of 5 to 18, I lived in Sakaide City in Kagawa Prefecture. After that, I studied at Keio University. Upon graduation from the Department of

Instrumentation Engineering, Faculty of Science and Technology, I started working at Showa Denko K.K. in 1958. Three years later, in 1961, I joined IBM Japan, Ltd., where I continued to work for 32 years until I took early retirement in 1993.

Until 1984, the majority of my work was in the development and manufacturing divisions, while from 1985 to 1990, I worked for the real estate and construction division, which handled Corporate Real Estate (CRE) and FM. Then from 1990 to 1993, I was engaged in the CRE/FM activities as the director in charge of IBM Asia Pacific (AP) Real Estate.

The year after my early retirement from the company in 1993, I founded Nakatsu CRE/FM Consulting, thus beginning Japan's first FM consulting business. At the time of the company's inception, I was uncertain as to whether an FM consultancy could succeed as a business, and those around me shared my concern. However, I am happy to say that the company has flourished as FM has developed, and next year we will celebrate the 15th anniversary of the company's founding. The Japan Facility Management Promotion Association (JFMA) was inaugurated in 1987, so my career in the FM field overlaps precisely with the history of FM in Japan.

#### My Points of Origin: Strategy, Finance and TQC

There are three main elements that



December 8, 2002 Editorial Meeting for Comprehensive Commentary on Facility Management

form the basis of my activities, namely "Strategy," "Finance" and "TQC (Total Quality Control)." I want younger Facility Managers to share a sense of the importance of these three elements.

Actually, these three elements were also used in developing the concept of FM in Japan. Rather than adopting the U.S. style of FM directly, the Japanese concept of FM was created with consideration given to Japan's unique circumstances. I will mention this process later on, but first I would like to discuss how the concepts of "Strategy," "Finance" and "TQC" were nurtured in my own mind.

Looking back, I can see that long before I ever even knew the term "FM," I had learned of these three elements through my work in the manufacturing sector, and I had been applying them to FM in the real estate and construction sector. The starting point for this was the global IBM Management Training & Education Program. In 1973, 30 colleagues from around the world, including myself as the lone participant from IBM Japan, Ltd., spent approximately one month living together in close quarters in a Dutch training facility. We were educated thoroughly about the basics of strategy and finance from a management perspective, along with related case studies.

Ever since then, I have been placed in positions where "strategy" is constantly required, and I believe that through my business experience both in Japan and abroad, I have acquired an ability to think strategically.

The importance of strategy will be discussed further in the second installment of this series, but strategic thinking is relatively rare in Japan's corporate organizational structure. I believe that before doing anything, one must collect data and develop an accurate understanding of the current situation, but the key point is a "strategy" for improving and reforming the current situation. This is also the reason I have lobbied strongly to ensure that "Strategy & Planning" are incorporated into standard FM processes.

In addition to what I learned in the aforementioned Management Education & Training, my role as Manufacturing Controller for IBM Japan, Ltd. from 1976 to 1982 was a major influence on my approach to "Finance." A Manufacturing Controller is in charge of finances, which means being responsible for the manufacturing division's budget and managing investment in fixed assets such as factory real estate and manufacturing equipment, as well as assets such as parts inventory, while

*continues on page 11*



March 26, 1991 Coordination Committee for the Facility Management Guidebook



## Traversing the FM Frontier

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also keeping an eye on the control of manufacturing costs. As you may well imagine, cost control in the manufacturing industry is extremely difficult, and from the practical aspect of performing financial assessments on a daily basis and utilizing those assessments in planning, this was an extremely beneficial experience. Finance plays a major role in FM in Japan, and I believe this reflects the knowledge I gained in those days.

My experience with "TQC" came in the form of CS (Customer Satisfaction) activities during my time in charge of Plant Operations (equivalent to a Deputy Plant Manager) at IBM Japan's Fujisawa plant from 1982 to 1985. During this time, I learned about TQC from the Union of Japanese Scientists and Engineers and from Matsushita Electric Industrial Co., Ltd. The Japanese manufacturing industry uses TQC for ongoing company-wide improvement, and it takes a viewpoint not found in the U.S. manufacturing industry. More specifically, this refers to the three objectives of quality, finance and supply, and a

management cycle that aims for continuous improvement through repeated performance of the PDCA (Plan-Do-Check-Act) cycle. The concept of objectives management and activities that employ the FM cycle is something I proposed in the initial stage of developing an FM concept. My experience at the Fujisawa plant bolstered my conviction that these aspects are indispensable for FM in Japan.

### Development of a Japanese FM model

In 1992, I received a request from NOPA (the New Office Promotion Association) to act as leader for the compilation of a textbook for FM, the "FM Guidebook" (1994: Nikkan Kogyo Shimbun, Ltd.). That is when the development of the concept of FM in Japan and the systematization of FM began in earnest. I prepared a draft version and debated it on almost a daily basis with the Coordination Committee members.

As I mentioned previously, Japan's FM concept is not exactly the same as the U.S. model. Personally, I believe that the Japanese FM concept is actually more systematic and comprehensive than the U.S. model.

The reasons why this model was not directly imported from the U.S. are detailed below.

We knew that in the U.S., facility-related work is separated into the two fields of CRE (Corporate Real Estate) and FM.

Accordingly, these two coexist as different professional functions. The U.S. way of doing things is based more on the presence of staff in charge of CRE and FM within a corporation and the work they perform, rather than the establishment of a standard operational setup. Accordingly, each company already has staff in charge of, or handling, CRE or FM, and the everyday operations are already in place, so there is no perceived necessity for any "systematization" beyond that. Meanwhile, in Japan the "FM Guidebook" and its successor, "Comprehensive Commentary on FM" (2003: Nihon Keizai Shimbun, Inc.) have aimed to be all-encompassing textbooks.

Of course, this does not mean that fields responsible for FM and CRE had been established in corporations in Japan. If that were the case, I would have seen no application for creating a proper "comprehensive system for new corporate operations" other than to spread it throughout companies in Japan. Thus, the Japanese FM model was created. Perhaps due to the influence of IBM Japan's corporate

culture on me, I cannot deny that I felt "there was no need to do what others had already succeeded at, but rather to challenge myself to create something new." FM in Japan can be characterized as follows:

- It is a comprehensive system comprising a blend of American CRE and FM, from strategy through to operations and maintenance.
- The three objectives of quality, finance and supply form the foundation of management.
- Its management cycle employs the FM cycle of PDCA and strives for continuous improvement.
- Standard FM processes such as "Comprehensive Management" and "Strategy & Planning" are totally systematized.

It is my hope that this overview clarifies how the three main elements that could be considered my points of origin, "Strategy, Finance & TQC," have been effectively utilized in the development of the Japanese model of FM.

(to be continued)



## PROFESSOR IN FACILITIES MANAGEMENT

DTU invites highly qualified applicants for a professorship in Facilities Management. The professorship will be affiliated to a new research centre for Facilities Management at DTU's new Department of Management Engineering.

Further information may be obtained from the Head of Section, Sten Bonke, tel. +45 4525 1648,

email: sb@byg.dtu.dk or temporarily appointed head of department Per Langaa Jensen, tel. +45 4525 6031 email: per.langaa@ipl.dtu.dk

The full text of the announcement can be seen on DTU's homepage.

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# How big is FM?

By Qi Zhou Moss

Market researchers vary by £billions in their estimates of the size of the FM sector. Qi Zhou Moss has been examining why this is so and suggests new ways of looking at the FM industry to arrive at a more accurate calculation.

For the past 15 years, facilities management industry has gone through tremendous changes which have benefited the FM market greatly. In response, FM market research has also grown from little or no reports to about a dozen publicly available market publications. However, the recognition of the scopes and definitions of FM are considerably different among market research agencies, and there are huge disparities among the estimated sizes and forecasts. More importantly, each of the leading research agencies has some problems with their research methods which can cast doubts on their findings.

I have investigated what are the common problems with the main publications, and propose a different research methodology that focuses FM market research on the demand side of the market.

The Centre for Facilities Management (CFM), one of the oldest research bodies specialising in FM, published its first UK market report in 1992. Since then, we have been using a consistent research methodology, regularly updating market intelligence data, trends and FM organisation characteristics. Through this, CFM has built up a market intelligence database available to CFM member organisations.

In the past five years, CFM has also expanded its market intelligence database to continental Europe, Australia, South East Asia and North America through its research network. These research activities have made CFM one of the leading FM market intelligence experts in the field.

CFM is not the only FM market research agency. There are some other FM market research publications that

are regularly updated in UK including:

- AMA - FM Outsourcing UK Market 2006
- BSRIA - Facilities Management UK 2005
- CFM - UK FM Market Analysis 2005; UK Public Sector FM Market Report 2006;
- i-FM - Trends and Opportunities 2007
- MBD - UK FM Market Research Report 2007
- Mintel - FM (Industrial Report) UK 2007

There are also some market research publications on European and World FM markets including:

- BSRIA - World Facilities Management 2006; Facilities Management in France 2001, Facilities Management in Germany 2001; FM in Spain and Italy 1999
- Caggemini - FM in the Nordic Countries 2006
- CFM - European FM Market Analysis 2007
- Frost & Sullivan - European Integrated Facility Management(I-FM) Market 2006; Northern Europe I-FM Markets 2005; Southern Europe I-FM Markets 2006; Central Europe I-FM Markets 2005
- Twynstra Gudde - Facility Management in Netherlands 2007

However, despite these active market research activities, FM market research is still an emerging research area. Compared to some of other established research subjects such as construction, FM market research is far from mature and there tends to be little

or no consensus among different market reports, with each using different methodology and scoping for the FM sector.

Figure 1 shows the huge differences of the estimated size of UK FM market, which varies from £4.5bn to £187bn.

CFM has separated the FM markets into the following sectors:

- Building operations and maintenance
- Catering
- Environmental management
- Infrastructure management
- IT and Telecommunication
- Management Consultancy
- Property Management
- Support Service
- Transport

To estimate the size of the market, CFM uses other research sources to consolidate the estimated sizes for each of the above listed sectors, then adds them together. It made a major change in 2005, as it noticed that telecommunication sector alone has grown to over £51bn (comparing to £24.3bn in 2002). Although FM does contribute to this sector through support of flexible working, intelligent buildings etc, we can't justify the inclusion of the whole telecommunication sector into FM market values.

Therefore, in the CFM 2005 report, this element was taken out of the table, and only IT support functions such as IT security, IT training, and CAFM & ITFM were included. This has resulted in the 2005 market size being restated from £225.5bn to £174.4bn.

However, there are two problems with this CFM's calculation. First we have included some sub-sectors that can't be separated within the main sectors. In management consultancy for example, FM consultancy services are only one of the arms. However, the existing statistics couldn't single out FM management consultancy from other business consultancy services.

The second problem is just the opposite. Some of the sub-sectors, such as vending services, have not been incorporated into catering sector estimates. CFM is not alone with this problem - all of the market research agencies who are using similar methodology have the same problems.

Mintel, is one of the world's renowned market research experts. Despite estimated potential FM market size at £187bn in its 2005 report, Mintel has adjusted the figure to £115.2bn in the newest September 2007 report, which is a 38 per cent drop from its 2005 value. The reason for this difference is the changes in the market segmentations used in the two reports. Mintel had used similar market segmentation as CFM in the FM industrial reports between 2002 and 2005. This structure was abandoned in the 2007 report, which has separated the market into TFM (Total Facilities Management), Contracted-out and Internal sectors. The contracted-out

sector is the biggest among the three, and used similar sub-sectors as the previous structure (see table below).

December 2005	September 2007 (contracted out only)
Support Services	Catering
Telecommunication	Cleaning
Building O&M	Security
Infrastructure Management	Landscaping & Gardening
Transport	M&E Engineering
Property Management	Office services
Environment Management	Building Fabric Maintenance
IT	Other

Source: Mintel/MBD

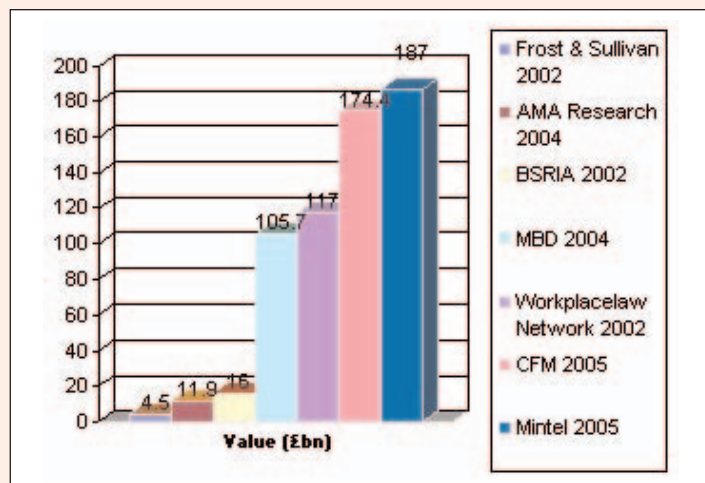
The table shows three main changes:

- separating catering, cleaning and cleaning out from support services;
- replacing building operations and maintenance with M&E engineering and building fabric maintenance;
- taking IT and telecommunication out of the table.

The last of three main changes would explain the key reason for the drop in the estimated market size (IT & Telecommunication contributes to £30bn of market value in 2005).

Interestingly, the later adopted market segmentation of Mintel is the same as MBD's report. In MBD's 2004 report, the estimated size for FM market in 2003 is £102.7bn. However, it didn't explain on what research basis it has estimated the TFM, contracted-out and internal market size. (By the number of announced contract wins? And how would it apply to internal FM contract sizes?)

AMA's report is limited to the out-sourced FM market. Compared to these reports above, it also excludes "provision of outsourced accommodation facilities services". This means that its main focus is at single and bundled FM services, and excludes the majority of the PFI/PPP contracts. This resulted in the estimated market size in its 2004 report at £12bn, which is significantly smaller than the other figures mentioned here. AMA estimated the market size by "aggregating turnovers or value of contracts managed of companies providing TFM and bundled facilities services contracts". However, as it excludes some main sectors such as infrastructure services and maintenance services, this does not represent the whole FM market structure.



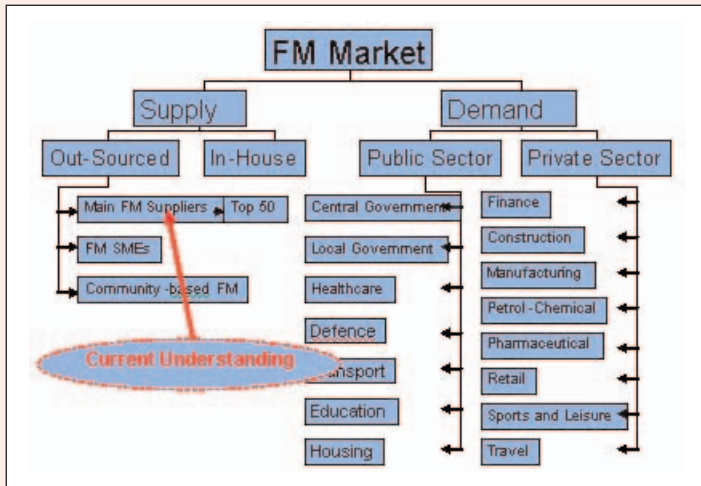
Estimated UK FM Market Size by Different Research Bodies

continues on page 13



## How Big is FM?

continued from page 12



FM Market Structure and Understanding

Frost & Sullivan defines three FM solution types: In-house FM, single service users, and Integrated FM (I-FM). It has estimated the whole I-FM market in Europe at \$10bn in its 2002 report. Frost & Sullivan based its report mostly from interviewing "key FM decision makers". Therefore, the whole report reflects on the statistical results from the survey, rather than explaining how it deducted the figure of \$10bn. In Frost & Sullivan's 2006 report, it estimated the market size has increased to \$12.7bn in 2004, and would set to grow to \$22.3bn in 2011- only a

proportion of other estimates.

In addition to the common problems arising from the market definition and segmentation that causes the huge disparities among the estimated market sizes, another common problem is the use of back-dated data. Quite often the data used is already two years old by publication.

### Different approach

The whole FM market comprises of both demand side and supply side. Figure 2 (below) shows that the current understanding of the FM market is very much limited. Current FM market

research focuses on the supply side of the market, especially the main FM suppliers' market, and there is a big gap of knowledge about the demand side for the FM market both in the UK and Europe.

What is the real size of the FM market? The list of top FM suppliers on [www.i-fm.net](http://www.i-fm.net) shows a total turnover of the top 50 suppliers has reached £16.9bn. Therefore, this puts doubts on any market size estimates that are below this figure. However, do we know how dominant are these 50 main FM suppliers in order to calculate?

Does anyone have the market intelligence on the complete picture for the FM sector? Probably not. With the FM industry increasingly mature and gaining recognition among other industries, it is time for the different research agencies to collaborate, to work out the best market research methodology that would give more accurate result. A good development is the introduction of the new SIC code for FM and the new European FM standards. If all future market researches adopt the standardised definition and scoping of FM, then the disparities would become a lot smaller.

Additionally, instead of retaining a methodology that looks primarily at all the main suppliers and different types of contracts, researchers could investigate the market from the client organisation side, and base future calculations on their annual FM spend, which would include any out-sourced or in-house services. Researchers could choose a few demand side

organisations from each main industry, and aggregate their FM spending to represent the spending of the industry, based on their market share. For example, the top five banks in UK take up about 80 per cent for the whole banking industry. If their total annual FM spending is £4bn, then the FM market from in banking sector might be around £5bn. Using this method, the FM market size could be arrived at by adding the sums of the FM spending for each industry. If anyone is interested to collaborate with CFM in this new market research methodology or would recommend some other methods, please get in touch with the author.

[Data quoted in the report might not be the most up-to-date one as the author only possesses a few key reports, due to the financial restraints of CFM]



Qi Zhou Moss Centre for Facilities Management, University of Salford. She has been responsible for market research within CFM since 2002.

She is European FM Researcher 2007.

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# FM Can be Successful with PM

By Holubar Zita

**Development and facility management are inseparable concepts in modern office buildings. Therefore, if you want to operate a facility in a proper and economic way, pay attention to this issue as early on as the development phase. Although the number of facility management (FM) companies has now grown to 80-100 in Hungary, in terms of quality, there is still room for improvement.**

It is not to be at all taken for granted who exactly the tenants that will move into an office building are, as the demands of the renters are decisive from the perspective of everyday maintenance - Valentin Langbein, FM manager for Honeywell points out. Langbein says that many companies have internal rules, which are to be obeyed also by the office building housing them. It goes without saying that it is mainly multinational corporations with headquarters outside Hungary who have these sort of expectations towards the building they occupy, with the same standard applying to every corner of the world. Still, of course, not all enterprises are so strict about setting up guidelines for facility management. It often depends on the type of renters, category of office buildings, and many other related factors.

Renters' requirements, for one, do clearly determine what expectations both the developer and the FM have to fulfill. In order to have a high standard office building, the fine details must be accounted for as early as the beginning of construction. Even before this, at the designer's table, future points-of-view must be recognized in order for the facility management to run smoothly. These days, developers who recognize the importance of this begin consulting their future FM partner right at the first stage of the project. As the two activities are strongly linked, the success of FM greatly depends on the developer's attention. It may be the case that the investor completes an office building without the capability of being properly operated, which then causes constant trouble on a daily basis - Langbein emphasizes.

All the more so because the two types of companies do not necessarily share the same interests; facility managers have to plan for the long term, while developers quite often think only about the immediate future. If this is actually the situation, the developer's goal is to complete the project for the lowest price possible and this means economizing on built-in materials and equipment. For that very reason, certain developers simply refuse to build-in units that might be useful later or disregard quality, says Langbein. Using security as an example, Langbein says that if the developer employs cheaper, and consequently less efficient, technical methods it is a given that extra solutions will have to be applied by the facility management. For instance, more security guards on the

premises: With modern technology this can be avoided and, at the same time, one of the most expensive items on the budget, workforce, could be reduced. Still, operations can also become more expensive in other areas if mechanized solutions are not properly designed. Energy waste can also take place as a result of too much thrift at the execution stage. The bottom line is that if the developer wants to be too money conscious, and disregard facility management, there will be serious drawbacks in the future and extra costs will have to be included sooner or later in the operation fee, to the discontent of the renters.

What a developer's concrete intentions are with its office building is an important issue. If it is sale, it will not matter if it obtains maximum occupancy or meets tenant's demands. In that case, further costs will not be taken into consideration and only the expenditure on construction counts. This was a typical trend some years ago, however, now it is luckily disappearing - Langbein explains. Today, it is more characteristic that the developer also takes care of renting out its building and this represents an improvement in quality, as renters have to be maintained in the long term.

Maintaining a good relationship with rental partners is by all means one of the key aspects of facility management - Valentin Langbein points out. No matter if it is only one renter or many, special attention must be paid to remedy their complaints. This can be assisted in part by an online error checking system, which offers fast solutions to problems detected by employee's routine searches. The facility management can also help the owner by linking the renters to the office building via a wide range of high standard services. It makes everyday work in the building so easy that the enterprises located there will not even think about moving.

Lately, significant development has been observed in Hungary's FM market and it is good news that an increasing number of companies have also discovered this service. It contributes to the progressive development of the market, as developers, architects, and owners all are faced with the fact that FM is at least as important to the success of an office building as design is, for instance - says CEO of DeTeImmobilien László Vágó. According to Vágó, this advantageous trend has been present for 3 to 4 years and now we are taking huge

leaps forward. Statistical data shows that four years ago there were only 10-15 FM companies in Hungary but now there are 80-100. Despite these numbers, success is not complete because, although there is an ever growing number of enterprises employed in the facility management of office buildings and other properties, free portfolios are still commonplace and there are many big and small companies who do not interpret FM correctly. Many owners still think that it is not worth commissioning FM companies for new projects within their first three years (that is, the guarantee period). Others are of the opinion that FM is simply unnecessary for older buildings. These are the segments where room for further development is greatest, Vágó states.

This swift change, however, is only partly an amiable one, as quality enhancement does not necessarily go hand in hand with quality improvement. It can be said, without exaggeration, that there are currently less than half-a-dozen companies in Hungary who really know the ins and outs of FM and would meet all the requirements if in an industrialized country. Looking at the list of participants at an average bid, for instance, their numbers can be very quickly reduced if the property owner really intends to commission a reliable enterprise with national portfolio - Vágó adds.

Another problem arises from the fact that sometimes it is very hard to tell whether service quality is meeting the demand. The reason is that not even the contracting entity can always describe what exactly its expectations are. The minimal requirements are not always clear and it cannot be known how, and what, the commissioner wants to get for its money. This is in spite of the fact that these questions are among the key points required for preparing a quotation. If competitors do not have enough information, this will become apparent in their bid too and the proposals will not even be able to be properly compared to each other. For instance, it could happen that the price quote for cleaning is ten times higher in one offer than in another. This does not necessarily mean that the first company really does the same work for so much more money than its competitor. Therefore, it is important to set up unified standards, valid for and applicable to all participants. Some steps have already been made to this end and one FM association has even recently published a proposal concerning standardization, which can only produce results if it gains wide enough recognition. Only in this way can it be guaranteed that both the commissioner and its contracted partner interpret a service in the same manner, thus avoiding further discussions about what sort of work is to be done and for what price.

Although we have already reached the level of older EU member states in terms of quantity, there is a lot of room for further improvement in quality. In more developed countries, it can be said that at least half of the companies produce good quality products, in line with existing standards and at competitive prices.

Below the surface, of course, is the reality that these markets already have a stable FM culture and partners clearly have a mutual understanding of what is included in facility management. This makes contracts more precise which also makes the signatory parties more accountable. In Germany, for instance, it is absolutely clear for everyone what belongs in the technical and the infrastructural divisions of FM. In Hungary, however, there are still those who do not know how to even classify basic items.

László Vágó says he thinks an important challenge in the near future will be to grow roots for property management (PM) in Hungary. Although the notion of facility management is more or less understood by Hungarian building owners, the importance of property management has not been fully recognized yet, despite its relationship with facility management. In more developed countries, it is actually PM companies that control the activity of FM companies and supervise their work. In Hungary, many think that property management ought to be resolved within the owner's enterprise, even though that solution obviously is not the most efficient one. A PM company concentrates its expertise not only on building a portfolio of successful properties, but also on conserving its quality level and even increasing its value in terms of efficiency. For PM companies, the question of who is renting from you is a significant one as it basically determines the income you can expect from rent. Even the sale of a building can be more profitable with PM. Last but not least, PM companies are very good at convincing those engaged in facility management to offer better services.

There are hardly any differences between the management in most modern office buildings and those in lower categories, at least in terms of demands - says Managing Director of Hochtief Hungária, András Sólyom. What is more, according to Sólyom, is that no differentiation whatsoever should be made between "A" and "B" category projects, as the essence of people-oriented management is to meet the renters' requirements and in both kinds of buildings there are people working there whose everyday working environment must be assured. From the technical point of view, the management at a less modern complex can be a greater challenge, as it requires heightened standards and more organized work. Also, as in most cases "B" category buildings lack modern equipment, this must be incorporated later, perhaps with difficulty. Plus, there are a range of other factors that make the work more challenging too.

According to András Sólyom, the Hungarian market has already risen both in terms of demands and services to international standards, at least in the corporate sector. However, there is a considerable lag in local municipal and the health care sectors and, consequently, much work is left to do.

# Facility Manager of the Year Pablo Hunnogo: 'It's Time for Quality Thinking'

By Ivo van der Hoeven



**Pablo Hunnogo was recently elected Facility Manager of the Year. For a whole year he will therefore be fulfilling the role of ambassador in the discipline of facility management. It will be a year in which he wants to advocate a wider vision in facility management. 'It is time to take a strategic view of facility management.'**

Pablo Hunnogo, Manager of the Shared Services Organization (SSO)/ Facility Management Operations at the Ministry of Transport and Public Works (V&W), is proud of his title of Facility Manager of the Year. 'It is a sign of appreciation for what we are doing here in facility management. It is an award that not just says something about me, but also about the manner in which we at V&W are engaged in facility management.'

The newly elected Facility Manager of the Year does not yet know exactly how he will fulfill his new role as figurehead of the facilities profession. 'I can fulfill the ambassadorship in my own way. No one tells me what I may or may not do. It is evident, however, that if you win such a title, you cannot remain invisible for the whole year. I am considering organizing something in collaboration with Facility Management Nederland. A seminar, congress or symposium. In any case, something of interest both to the facilities profession and to education. As Facility Manager of the Year I will often be asked to give a speech and to "cut ribbons", but I want to take more initiatives myself and fulfill the title in my own way. There is no point in telling the same story twenty times at twenty different meetings.'

Hunnogo, in any case, wants to offer the facilities world a peek into the facilities "kitchen" of the Ministry of V&W in 2008. His aim is to show that the facilities unit in his organization operates very professionally and that the profession is regarded as innovative at governmental level.

'Facilities organizations are usually operational organizations that work very pragmatically. There is nothing wrong with this, but we must take a broader view. We must view facility management in terms of strategy. How can we support the primary process as much as possible, both now and in the future? This is the key question.'

To achieve this, we must be engaged with development in the broadest sense

and not just operationally. We must get rid of the "chairs and benches image". We are still too often regarded as the people from the support services unit who carry furniture and look after the carpeting. Of course we take care of the furniture, but we do much more. In our organization, we have in recent years become more and more intensively engaged with service concepts, for example, the shared service concept. The clients and customers quite simply demand more than just floor coverings.'

## Boost

According to Hunnogo, the Shared Service Organization (SSO) has given the quality of the services an enormous boost. 'The SSO is structured such that we take care of clients from four different units: support services, Human Resources and Management (HRM), ICT and, finally, finance and purchasing. We have a joint customer council and have developed a products and services catalogue. Moreover, we have linked the different front offices together and the number of counters has been reduced. In short, we are collaborating intensively in all kinds of areas. This reduces costs, improves organization and has huge benefits for the customers, who can now be assisted from fewer counters, with a single back office behind them. The four units also jointly develop products for the client. The quality of the service has consequently increased by leaps and bounds.'

## Collaboration

Not only the SSO has improved the quality of facility management, the increasingly closer collaboration among the thirteen ministries plays an important part in this. 'The thirteen departments of the central government are now subjected to joint benchmarking. We do this not only for quality, but also for cost reasons and client satisfaction. The result is a three-dimensional picture from which we are able to learn a lot from each other and where we discuss different best

practices. This three-dimensional benchmarking is quite unique and not very widespread. It's wonderful that the government is at the forefront in this.'

Hunnogo is of the opinion that joint benchmarking has great benefits. 'You should never look only at your own operation, you also have to look over the fence. How are others doing it? What differences are there? How can these differences be explained? Within the central government it is particularly important to benchmark jointly. Everyone is in fact, working for the same type of organization. Where then, do the differences come from? Are you operating in a different way? Are you carrying out different evaluations? Is there a difference in the customers you serve? In this way, you are not only engaged with your own developments and processes, you are also measuring yourself against what is happening outside.'

The different departments of the government also collaborate in other areas. To make this collaboration happen, the Interdepartmental Council for Facilities Managers (IOFD) was established several years ago. Hunnogo is the Chairman. 'With several different departments we have set up a joint postal and courier service and also joint printers, among other things. The six departments are now assessing whether we can combine our whole operation. We must aim for more quality with fewer people. This means that we are searching for smart structures that will allow us to organize facility management jointly. The central government must be seen as a single unit and facility management must go along with this.'

## Quality policy

One of the topics that Hunnogo wishes to put into action in the coming year is the topic of quality policy. 'Quality is a broad concept. We have noticed that the shared service concept under which we operate has a positive effect on quality. But how do you involve co-workers in quality thinking? Quality is not something that can be achieved by quality modeling. The question is thus: how do you imbue quality thinking in your own people? How do you ensure that quality is guaranteed throughout the whole work process?'

In our organization we have achieved this by making process owners responsible for improving their work process. Our people therefore have to undertake quality assessments. In this way, they are not only responsible for their own work process, but also for its improvement. And I mean permanent improvement. Improvement will in this way become part of the usual working method and not something that is done every so often.'

Still, according to Hunnogo it is also important to look further than your own

shop floor. 'Part of a good quality policy is that you constantly look not only at yourself, but also at your environment. The rate at which things are changing is increasing. You cannot operate without taking a close look at your customers and constantly monitoring developments in society. What do these developments mean for facility management? And how will they change the near future?'

'You can currently have your services for meetings excellently arranged, but, at the same time, you have to ask yourself whether the client will want to conduct meetings in the same way in three years time. Perhaps we are entering an era in which people attend meetings from home, via video-conferencing. You therefore have to look into the future in order to constantly deliver quality. You have to focus on developments. And then not only in terms of facility management, but throughout business operations. The world is simply not one-dimensional.'

Hunnogo has clear ideas about how the profession should further develop. The support services unit must become more involved with the primary process. 'The knowledge and expertise of the support services unit should be utilized more by the management. Facilities management is currently too much of a follower. When the organization decides to do something, this is subsequently translated into a development plan and thereafter, the services department is asked if it can contribute. The services department is too often at the back end, while we should be thinking along much more with the front end about an organizational development program. Not only a provider of support services, but also an HRM advisor and a purchasing advisor. In this manner, we at the back end can much better anticipate what will be expected of us.'

*Pablo Hunnogo (48 years old) has an HRM background and education. He has held various management positions at various municipalities and in healthcare. He was, among other things, Head of Personnel and Organization for two municipal services of the City of Delft and Assistant Manager of the municipal health services (GGD) in Delfland. In 2002, he joined the Ministry of Transport and Public Works as Director of the SSO/Services Department. Here, he has further professionalized the management and the facilities field. At the end of 2006, the Support Services Unit of V&W, as the first facilities organization in the central government, received an INK certificate. Hunnogo is also Chairman of the Interdepartmental Council of Facilities Managers.*



# Integration of FM and CRE: The Time is Right for Global Corporates

By Rick Bertasi, Vice President & General Manager,  
Johnson Controls Global Workplace Solutions, EMEA

By definition, 'integration', is "an act or instance of combining into an integral whole". And whilst it is not a new concept in corporate estates management, there is a new type of integration that has the potential to become more accepted. This has only become possible due to the way that international businesses are looking to create uniformity and consistency in their processes and increase value through cutting out duplication. And it has the opportunity to change the way 'things have always been done'.

FM and corporate real estate (CRE) management have historically existed alongside each other, with providers often working together for mutual customer benefit. But as traditional service 'silos', the roles have rarely truly integrated through a single source agreement. It has been acknowledged by both sides that integrating knowledge and data would have fantastic benefits. But there has been reluctance - partly due to protection, and partly lack of confidence that by integrating, the customers would remain risk-free from the issues of merging separate approaches and processes.

But the world is changing. As more and more organisations are managing their business across multiple borders, demand for global service providers is growing. With Johnson Controls Global Workplace Solutions we have evolved to meet this need for a single supplier who can deliver end-to-end, integrated corporate workplace

services, on-demand, wherever and whenever they are wanted in the world.

We are committed to investing in our future to ensure that every part of our offer is industry leading. Over the last few years, two acquisitions of real estate consultancies have demonstrated our commitment to build a truly integrated offer. In 2005, we acquired USI, America's fastest growing corporate real estate services firm which had a customer portfolio of more than 30,000 properties. And last year in the UK we bought independent real estate consultancy Fulcrum Corporate.

The people, skills, services and experience we brought in to Johnson Controls from these organisations have been central to our evolution into a truly integrated business support partner. This is now allowing us to work with customers to better understand how to improve their real estate function and also how best to allow FM and CRE operations to work

together to create significant value. Integrating data and knowledge and removing traditional barriers can achieve huge efficiencies. When applied across a global portfolio, the integration of data and management processes amplify improvement, especially when knowledge is centralised and encompasses all of the critical information required to make informed decisions regarding the location, form, function and management of corporate workplaces.

For example at Barclays, our work has helped to merge the real estate and facilities management functions. By using Johnson Controls as a single supplier for its eight million square metre corporate portfolio, Barclays recognised that it could achieve greater alignment, better integration and eliminate duplication.

Successful corporations such as Barclays are continually looking for new ways to generate better value from their workspace. It is clear that an integrated approach to facilities management and real estate is gaining momentum among global business. And by working with a single source provider that fully understands global business needs, corporates can be confident that both property and business aims can work as one.

From an industry perspective, this push towards further integration of services is being driven by macro-economic factors. Companies are responding to economic pressure from increased competition, and making the most of low-cost countries for their manufacturing and administrative services, by going global. At the same time, businesses focusing on mergers and acquisitions find they inherit new people and new buildings. And the reducing cost of advancing technology, particularly connectivity, is accelerating business change.

With a number of different factors driving and increasing the pace of change, the new integrated approach supports businesses in aligning their property portfolio to overcome these challenges, and arguably more importantly, to support their strategies.

Cost does, of course, have a large role to play. As many corporates are now in third or fourth generation outsourcing, major cost savings have been identified and squeezed out. They are now looking to further improve cost savings but from a broader, total cost of occupancy perspective. Instead of managing space for less money, the onus is on managing less space for less money and getting greater value from property portfolios.

With an integrated model, a service provider is better positioned to fully understand a client's business challenges and objectives. Armed with this knowledge, and by positioning key individuals as decision-making consultants, a single-source provider can respond quickly and flexibly in the client's best interests. Integrating services such as portfolio and financial planning, lease management, transaction management including disposal and acquisition, design & construction management with building management, also allows businesses to proactively prepare and plan for business change and respond quickly to execute their strategy.

The future for global corporations is exciting as they look to explore the opportunities unlocked by this new generation of service offer. The appetite is there to bridge the gap between the two traditional silos. We believe that the integration of FM and CRE functionality is the next evolution.



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## Report from the EuroFM Quarterly Meeting in Kufstein, Tirol, Austria, 16-19 January 2008

Our local members FMA, IFMA Austria and the University of Applied Sciences FH Kufstein Tirol organised a unique gathering for more than 200 people from 14 different countries. The event was headed by the 10th annual "Kufsteiner FM Gespräche", a two-day conference with contributions in German and English, which showed again the relevance of FM in Austria and the leading position that the University of Applied Science Kufstein FM programme holds internationally. The

conference theme was Industrial FM - Added Value in FM & RE.

Meetings about European FM Standards (CEN) were also held for two days prior to the conference, and EuroFM meetings were attended by more than 40 member institutions.

We would like to express our most sincere gratitude to our Austrian host members for their hospitality and effort in organising a truly European FM event.

EuroFM's newly elected board, headed by the new Chairman, Albert Pilger, took office and presented their work plan for 2008-2009. Ole Emil Malmstrom presented the financial results for 2007, which showed an all time record surplus, most of it coming from new activities and projects. Finally, members warmly thanked outgoing EuroFM Chairman Jose Garcia Cuartero and ENG Chairman Thomas Madritsch for their dedication and service to EuroFM.

## EuroFM and CEN sign partnership agreement

EuroFM and CEN (European Committee for Standardization) TC 348 signed a partnership agreement to join efforts in the development of four new European FM standards and the promotion of the two existing ones. EuroFM has played a key role in the development of European Norms (EN) for the FM industry since the beginning of this process in 2004. Albert Pilger and Jose Garcia signed the partnership agreement on behalf of EuroFM.



*EuroFM and CEN TC 348 leaders signing agreement*

## Practice Network Group (PNG): Helena Ohlsson reports

We had an excellent opportunity to discuss and develop these initiatives at the recent meeting in Austria, where 10 nations representing 13 professional associations took part.

First, we had the pleasure to announce the start of the EuroFM



Mentor program! The aim is to connect mentors with pan-European FM experience with FM professionals in need of support from different parts of Europe over the course of a year. I hope to see many mentors and mentees applying on the EuroFM web page.

The Program Advisory Group (PAG) for EFMC 2008 has just put the final touch to what will certainly be a very inspiring program. It is therefore time to start putting the team together for EFMC 2009.

PNG is working closely with the CEN committee in order to promote and spread the use and knowledge of the existing FM standards. A recent agreement with CEN has created an opportunity that has been warmly embraced by the members of our network.

EuroFM is together with IFMA investigating the opportunities of developing a Professional Certification for Entry Level Knowledge in Facility Management. The existing product, FMP, is being evaluated and re-developed to suit the needs of the European FM market.

Finally, following last year's success, the PNG is again launching a project with the University of

Rotterdam. The aim is to collaborate with the National Associations to recognize and analyze the status of the European FM market. The results will be presented in Manchester in June!

I will be happy to receive your feedback, questions or comments via the EuroFM web page or directly via e-mail to [helenaohlsson@swg.com](mailto:helenaohlsson@swg.com).

## Research Network Group (RNG): Per Anker Jensen reports

Our group held two meetings in Kufstein with 9-10 participants. The most important theme on the agenda was a strategy debate about how RNG should be developed in the future to provide benefits for the members and make it attractive to participate actively. A very constructive discussion was summarized in the following bullet points:

- The collaboration on research projects is essential. RNG provides exceptional benefits with regard to collaboration and evaluation across borders. The efforts to get EU-funding for research projects should be continued and reinforced.
- The development of the network between members of RNG should be supported by simple means of communication and information exchange - starting with a shared e-mail list and a platform on EuroFM's website as a possible further development.
- The research symposium is a very important event that gives RNG members the opportunity to present and publish research results and to discuss and make contacts. RNG meetings should be used to discuss the topics and format of coming symposiums.
- RNG should develop a research agenda for the next 5-7 years and involve the other network groups in EuroFM in the process. The results of the FM Futures project could be a good basis for starting the discussions.
- RNG should arrange workshops on teaching research methodologies to postgraduates.

For further information on the current activities in RNG, please see the article on the front page.

## EuroFM Diary 2008/2009

**June 10/11 2008**  
EFMC 2008, Manchester

**September 25/ 27 2008**  
EuroFM Meeting, Helsinki

**January 22/24 2009**  
EuroFM Meeting, London

## 2nd European FM Awards

The second European FM Awards will be held in 2008 and presented at the EFMC2008 conference and exhibition in Manchester on 10 June 2008 at the annual dinner. Nominations are welcome for the following 4 categories before 28 March 2008:


- Partners Across Borders
- European FM Student of the Year
- European FM Researcher
- European FM of the Year


For award nominations and information,

[http://www.eurofm.org/awards\\_2008.php](http://www.eurofm.org/awards_2008.php)

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